



McCORD ENGINEERING, INC.

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March 13, 2000

Mr. David Massey
Electric Division Manager
City of College Station
P. O. Box 9960
College Station, Texas 77842

RE: BTU Facilities Valuation for Annexed Areas

Dear David:

Pursuant to your City's request, our firm has reviewed the valuation of electric distribution facilities for annexed areas as furnished by Mr. Dan Wilkerson, Director of Electric Utility Services at Bryan Texas Utilities (BTU) dated February 10, 2000. Our review has included the appraisal study performed by Alexander Utility Engineering for transferred BTU facilities, as well as a determination of the reasonableness of the costs charged for recent facility installation by BTU in the Steeplechase and Shenandoah VI Subdivisions.

It is our finding that the total valuation submitted by BTU of \$403,101.44 for the subject electric facilities transferred from BTU to your City is a reasonable and satisfactory assignment of current value, and we recommend your City proceed to pursue a final settlement of this facility transfer on the basis of the above noted valuation total.

If you have any questions or need further information in reference to our review of said valuation, please do not hesitate to let me know. I sincerely appreciate the opportunity to conduct this review and furnish your City a recommendation as to the acceptability of the proposed valuation of transferred electric distribution facilities in the subject annexed areas.

Sincerely,
McCORD ENGINEERING, INC.

Jimmy D. McCord, P.E.
President

JDM/jk